



## Q2 Market Commentary – 2026

### *Keeping Your Financial Compass Pointed North*

If the first quarter of 2026 had a theme, it would probably be “Hold on to your coffee.” Between geopolitical tensions, oil price spikes, and a stock market that seems to have developed a mild case of vertigo, investors have been reminded that markets rarely travel in a straight line. The good news? Volatility is uncomfortable, but it’s also perfectly normal in the long journey of long-term investing.

### Market Summary As of 3/31/2026

<b>S&amp;P 500:</b>	<b>6,528.52</b>
<b>Dow Ind.:</b>	<b>46,341.51</b>
<b>Nasdaq:</b>	<b>21,590.63</b>
<b>10 YR Treas.:</b>	<b>4.31</b>

### **Stock Market: A Bumpy Start to the Year**

Equity markets have faced headwinds to start 2026 as geopolitical tensions, persistent inflation concerns, and rising energy prices have unsettled investors. Major indexes such as the S&P 500, Dow Jones Industrial Average, and Nasdaq have experienced periods of volatility and modest declines as investors digest shifting economic data and global developments. Much of the market anxiety has centered on rising oil prices and concerns that higher energy costs could keep inflation elevated and potentially slow economic growth.

Despite the recent volatility, it’s worth remembering that market pullbacks are not unusual. In fact, they are a normal feature of long-term market growth—even if they rarely feel that way in the moment.

### **Bonds: The Tug-of-War Continues**

Bond markets have been navigating their own balancing act. Treasury yields have moved higher at times as investors reassess inflation risks tied to the spike in energy prices and geopolitical tensions. Higher yields can pressure both stocks and bonds in the short term, but they also mean new bond investments may offer more attractive income opportunities than they have in recent years. In other words, while volatility may dominate headlines, the income side of portfolios is quietly becoming more interesting again.

### **Oil Markets: When the World Sneezes, Energy Prices Catch a Cold (or a Fever)**

Energy markets have been front and center this quarter. Oil prices have surged above \$100 per barrel as fears of supply disruptions have intensified. Analysts have warned that prolonged disruptions could push prices even higher, potentially toward \$100–\$120 per barrel depending on how long the conflict lasts.

Higher oil prices ripple through the global economy, influencing everything from transportation costs to inflation expectations—and yes, even the price of filling up the family SUV before a road trip.

### **The Iran Conflict and the Strait of Hormuz**

A major driver behind recent market volatility has been the escalating conflict involving Iran. The Strait of Hormuz—one of the world’s most critical oil shipping lanes—handles roughly one-fifth of global oil supply. Disruptions or shutdowns in this narrow waterway can quickly impact global energy markets, which is precisely what we’ve seen in recent weeks.

The situation remains fluid, and while markets tend to react strongly in the short term, history shows that geopolitical shocks often fade as supply chains adapt and tensions eventually ease.

### **Federal Reserve Policy: Waiting and Watching**

The Federal Reserve has adopted a cautious stance amid the uncertainty. Policymakers are widely expected to keep interest rates steady around the current range of roughly 3.5%–3.75% while they assess how rising oil prices and geopolitical developments may influence inflation and economic growth.

In other words, the Fed is doing what central banks often do best—watching the data carefully and trying not to spill the punch bowl while the economic party continues.

### **A Long-Term Perspective**

It’s easy to get caught up in the noise of daily headlines, but long-term investors have historically been rewarded for patience and discipline. As Warren Buffett famously said:

*“The stock market is a device for transferring money from the impatient to the patient.”*

At NorthStar Financial Partners, we believe that quote still holds true. Markets will experience turbulence—from wars to elections to inflation scares—but diversified portfolios and long-term strategies have historically navigated these storms successfully.

### **The Bottom Line**

Yes, the world currently feels a bit complicated. Markets are reacting to war headlines, energy shocks, and shifting monetary policy. But history tells us something important: markets have endured far worse and continued to grow over time.

Our job—and our commitment to you—is to stay focused on the long-term destination rather than every short-term bump in the road. After all, successful investing is less about predicting the next headline and more about staying disciplined through all of them.

As always, if you have questions about your portfolio or financial plan, we’re here to help keep your financial compass pointed North.

— NorthStar Financial Partners

**Please note our Rochester Location has moved to: 2020 2nd Street SW, Rochester, MN 55902.**

**The new phone number for our Rochester Location is: 507-361-3454**


### **Shred Events:**

Our annual Shred Events are coming up! Dispose of your old bills, documents, and any sensitive papers for secure shredding. Reach out to our office with any questions.

**Mendota Heights: May 9<sup>th</sup> from 9:00am-11:00am**

**Rochester: May 30<sup>th</sup> from 9:00am-11:00am**

**Spring and Summer are right around the corner, here is a calendar of some upcoming events in the Twin Cities!**

 **Twin Cities Summer Festivals Calendar** – A roundup of cultural festivals, concerts, and community events happening across Minneapolis and St. Paul.

<https://www.minneapolis.org/calendar/festivals/cultural/>

**Warm regards,**

The NorthStar Team



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